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LOANS for WATER in the WEST



U. S. DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION
WASHINGTON, D. C.

THE PICTURE

The picture on the cover could be you—and this might be your story. Actually it is a Utah farmer who now knows that the prettiest sight in the world is that of water available for his fields of alfalfa and potatoes. Before his present water facility was installed in 1945, he was able to get only one cutting of alfalfa, and his potato crop was always a big risk. In 1944, his net cash income was only \$29.

A Water Facilities Loan enabled him to drill a 135-foot well, install a 25-horsepower pump, and erect an overnight storage reservoir. Now he has sufficient water to keep his alfalfa from burning up, and has made the normal three cuttings in recent years. Last year his first cutting was larger than his entire crop before the pump was installed. His 20 acres of potatoes are money makers, too. His net income was almost 100 times as large in 1946—after the facility was in and operating for a full year—than it had been in 1944 when he had no water available.

Washington, D. C. Issued February 1948

Water Facilities Loans

Do you need additional water to make your farming or ranching operations profitable?

Family-type farmers in the 17 Western States may obtain long-term, low-interest loans from the Farmers Home Administration to install or repair water facilities on their farms. Groups of farmers or ranchers may organize as incorporated associations to borrow larger amounts. Group loans are for water facilities that benefit the entire community and are too expensive for individual borrowers to install.

Loans are made for both storage and use of water. Installations must prevent waste, bring about better use of existing water supplies, or preserve natural resources.

This program has been in operation 10 years. Loans have been made to more than 7,800 farm families, and 5,000 others have received help in solving their water problems through the loans made to 95 incorporated water associations.

The following questions are often asked by applicants for water facilities loans. If you do not find the answer to your question here, you can get more detailed information from the Farmers Home Administration supervisor who serves your county.

What Help Can I Get?

Credit, technical assistance, and help in farm and home management are available.

You may apply for a loan to construct, repair, or enlarge a pond, well, irrigation ditch, or similar facility. Loans are also

available to obtain benefits from a water system already established or to be established in your community.

You may get technical assistance including help in the planning, or advice and guidance in the installation and use of the facility.

In addition to the credit and technical advice, the Farmers Home Administration provides numerous other services for borrowers. A county supervisor is available to help families with any farm or home problems. He will make periodic visits to the farm to offer any assistance possible; hold regular office hours when you can discuss your problems; and sometimes hold meetings to show improved farm and home management methods.

The supervisor will help you keep a simple set of farm records, and assist you in obtaining good livestock and equipment. He will pass on to you the latest information on sound farm and home management methods, and show you how to live from the production of your farm instead of from store shelves.

Am I Eligible for a Water Facilities Loan?

You are eligible for an individual loan:

- If you need water facilities to make your farm operations more sound;
- If you *cannot* obtain the necessary credit on reasonable terms and in sufficient amounts from credit sources in your community;
- If the land you own or operate is not larger than a family-type farm unit in your area.

An incorporated nonprofit water association, mutual water company, or irrigation district of which you are a member may secure a group loan:

- If the organization does not have the money to carry out the purposes for which the loan is sought and cannot borrow enough from other sources on reasonable terms; and
- If most of the water to be made available by the facility will be delivered by the organization to farms which are not larger than family-type units.

Who Decides My Eligibility?

A county committee of three local persons, at least two of them farmers, must certify in writing that you are eligible for a loan.

For What Purposes May I Borrow?

You may obtain a water facilities loan:

- To construct or repair a pond, windmill, well, or similar facility to be used for farmstead or irrigation purposes;
- To acquire a source of water supply;
- To level land so you can make better use of available land and water;
- To refinance an existing indebtedness, if the debt was made to install a water facility;
- To acquire or maintain an interest in a facility already existing;
- To hire or contract for the services of engineers, construction workers, attorneys, or others needed in the planning and construction of the facility.

How Much May I Borrow?

The amount is limited by the cost of the facility, your ability to repay, and the law which has established the maximum that can be loaned for any one project. You will be expected to furnish as much as you can of your own labor, materials, and equipment, and this will be taken into consideration in figuring the amount of the loan. Only in unusual cases are loans to individuals made for more than \$5,000.

What Interest Do I Pay?

Three percent per year on the unpaid balance.

How Do I Repay the Loan?

Loans are scheduled for yearly payments, and may extend over the useful life of the facility but not more than 20 years. Repayment schedules are figured so as to permit repayment in the shortest number of years within the borrower's ability to repay. Your ability to repay is scheduled from farm and home plans which you prepare with the aid of the county supervisor. Payments are based on your anticipated income from sale of farm products minus expenses for farm and home operations and reasonable payments for the use of land.

What Security Must I Give?

If you borrow as an individual, a first lien will be taken on all mortgageable property purchased with the loan. As further security, you may also be asked to give a lien upon other property you own or to give an assignment on income. If you use part of the loan to buy water stock, assignments of this stock will be required.

On a group loan, the association will give a mortgage on any real and personal property owned or purchased with loan funds; and on all easements, rights-of-way, and water rights. Assignments of association income may also be requested as additional security.

What Water Rights Are Required Before I Can Obtain a Loan?

You must comply with the laws or regulations of your State. Most Western States regulate the appropriation and use of water, and it is necessary to comply with their regulations. If your State does not require filing for a water right, but does not prohibit it, then you must file as an added protection for your loan.

Are These Loans Available to Tenant Farmers?

Yes, if the tenant has a long-time written lease that provides for use of land on equitable terms and at reasonable cost, and permits the proper use of both land and water.

Where May I Apply for a Loan?

At the Farmers Home Administration office that serves the county where your farm or ranch is located. Offices are in most agricultural counties, usually in the county seat. If you are unable to locate the office serving your area, you may inquire at the county agent's office, or write to the Farmers Home Administration, Washington 25, D. C., and the proper address will be sent you.

